

8-4867

Geo. Nelson
 Al. Hunt
 Fred. Beck
 Errett Greenener } House
 Gerald Ford
 Harry P. Shippard
 Allen T. Ellender
 Milton R. Young
 John Starnes
 37 gles Bridges
 Dennis Chaffey
 J. D. Hill
 J. W. Edwards
 Wm. Knowland
 R. Harold Russell

215 Serial
 17 July 1956

The Honorable Richard B. Wigglesworth
 House of Representatives
 Washington 25, D. C.

Attached hereto is a copy of a letter which I am sending to Chairman Cannon relating to the Senate Appropriations Committee Report on the appropriation for the new Central Intelligence Agency headquarters building (Senate Report 2580). I am sending an identical letter to Chairman Hayden of the Senate Appropriations Committee.

I sincerely hope that you will find an opportunity to consider the substance of this letter prior to the meeting of the Conference Committee on the Supplemental Appropriations Act. As I indicated in my letter to the Chairman, I feel that compliance with the restrictive language in the Senate Committee Report would jeopardize our entire building project. You will note that I have suggested language for inclusion in the Conference Report which I hope will express the intent of the Congress and still allow me to proceed without further serious delay on the construction of an adequate building for our people.

15/

Allen W. Dulles
Director

DD/S:LKW:laq

C & Z - Add

- 1 - Reg Coun
- 1 - Gen Coun
- 1 - Comp
- 1 - C/BPS via D/Log
- 1 - SA-DCI (Grogan)
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- 1 - E. R.
- 1 - DCI

56-3073

Executive Registry
8-5956

JUL 17 1956

Mr. Wallace K. Harrison
Harrison & Abramovitz
45 Rockefeller Plaza
New York, New York



Dear Wally:

I am enclosing herewith an excerpt from the Senate Appropriations Committee Report relating to our building, as well as copies of self-explanatory letters to the Chairmen of the House and Senate Appropriations Committees.

These two "hookers" came as a surprise to us and we hope that the Conference Committee will straighten out the matter. We are working very hard to bring this about and at the moment have every reason to believe that it will be done.

Sincerely,

/s/

L. K. White
Deputy Director

3 Encls.

DD/S:LKW:laq:ljh

Distribution:

- 0 & 1 - Addressee
- 1 - Leg Coun
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U.S. HOUSE OF REPRESENTATIVES
91st Session

SENATE

Page 1
No. 2

THE SUPPLEMENTAL APPROPRIATION BILL, 1957

EXCERPT

R E P O R T

EXCERPT

CHAPTER III

CENTRAL INTELLIGENCE AGENCY

The committee approves \$49,000,000, the budget estimate and the amount allowed by the House of Representatives for construction of the headquarters for the Central Intelligence Agency. The committee directs that the Agency shall plan to house all headquarters personnel of the Agency within the sum provided. The committee further directs that none of these funds shall be obligated or spent until the Chairman of the National Capital Planning Commission shall certify that written commitments have been obtained from the appropriate local authorities for the financing and construction of roads, sewerage treatment plants, public transport, and other local facilities which are deemed necessary by the Commission to serve the site selected.

EXCERPT

EXCERPT

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MR. PAUL

F. B. Dill

F. B. Dill

Should the Director at this time seek additional funds to construct our proposed new building in accordance with our original plans so as to house all of our Departmental personnel and activities in one building?

II. ASSUMPTION:

If we asked for any additional funds we would ask for the total necessary to accommodate all Departmental activities and personnel in one building. (\$12 to \$13 million dollars.)

III. FACTS:

A. The original estimate which was agreed to by the General Services Administration and the Bureau of the Budget and submitted to the Congress with our request for an authorization and appropriation was \$50 million - to accommodate all of our Departmental activities - [] people. 25X1

B. The Congress has authorized and appropriated \$46 million and has directed "that the Agency make every effort to construct a building to accommodate all of its headquarters personnel within the sum provided and....that none of these funds be spent in such a way as to make it necessary for the Congress to authorize additional funds at a later date." (Tab A)

C. Last Fall we agreed with the General Services Administration and Harrison & Abramovitz that we could not construct an adequate building for \$46 million dollars. Further study indicated that we could erect a building for about [] people [] short of our original goal) by leaving out of it certain activities which required a large amount of space in relation to the number of people occupying it, i.e. [] and 25X1 certain full-time training activities. We decided to proceed with our planning

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along these lines, leaving open the question as to whether or not we might at some later date request legislation which would permit us to place all of our activities in one building, or at least at one location.

D. Construction costs have risen about 9% since we presented our original request to the Congress in the Spring of 1955. In other words, due to rising construction costs alone we can now buy about \$4 million less building for our money than we could then - the picture may get worse before we let a construction contract.

E. Current estimates indicate that:

1. To construct a building to accommodate our original space requirements (all Departmental personnel and activities) would probably cost \$58 or \$59 million dollars - \$12 to \$13 million more than we are now authorized.

2. We cannot construct for \$46 million dollars as large a building as we had thought possible last Fall, and it seems probable that in a building which we can construct for \$46 million we will be able to accommodate only slightly more than [] people - this means leaving out an additional [] people which present plans do not contemplate.

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F. 1. Tangible savings to the taxpayer, if we could all be in one building, would be about \$3,200,000 per annum.

2. Leaving out [] and certain training activities as now planned reduces these savings by about 50%.

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3. Leaving out additional personnel will cause a further corresponding reduction.

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G. In a letter dated 6 December 1956 the Director of the Budget advised us that the President desired to avoid the impact of additional Government spending on the national economy at the present time, that we should minimize our plans for new construction during this period of extremely high business activity, that plans should be prepared and held in abeyance until there appeared to be some lessening of the intense pressure in this area and that we should proceed now with essential construction projects only. (Tab B) We replied to this letter on 21 December 1956 stating our firm belief that it was in the Government's best interests to proceed with the construction of our new building. While our funds are included in the President's budget, we still have to obtain permission from the Bureau of the Budget or the President before we actually let our construction contract. (Tab C)

H. We have also received a letter from the Secretary to the Cabinet quoting minutes of a 14 December 1956 Cabinet Meeting at which the President personally announced as a part of his budget policy that "the rate of expenditures for construction for which obligational authority either is now available or may be granted by the Congress is to be held to the economic minimum and requests for new obligational authority for construction are to be made for essential projects only in order that federal spending will not increase the competing pressures for money, manpower, materials and equipment." (Tab D)

I. In a letter dated 23 January 1957 the Director of the Budget has advised us that the President desires that "any proposals by departments or agencies for new legislation involving increase of new obligational authority or expenditures not specifically provided for in the budget or which cannot be covered within budget totals will be rejected and held to be 'not in accord with the President's program' unless the President otherwise directs." (Tab E)

IV. DISCUSSION:

A. Based on facts A. through F. above, a strong argument can be made that we should request legislation to accomplish our original purpose, and, in fact, that it would be quite inappropriate for us not to do so. Facts G. through I., however, indicate that the Executive Branch might deny us permission to make such a request of the Congress and it seems almost certain that the President's personal permission would be necessary.

B. Assuming that the President would grant permission, which is not at all certain, it will surely be a controversial matter in the Congress. We know that such a request would be sympathetically received by some key members of the Congress and almost certainly it would be quite unsympathetically received by others. Those who would oppose us would probably do so primarily because they believed we did not need so many people in Washington, and, secondly, because of the cost. Even those who would be sympathetic would not be likely to defend our Departmental strength. In fact, few, if any, really understand our need for this number of people in Washington. The controversy and resultant publicity would focus attention on the Agency which might be undesirable at this time. If we were successful it would probably be only with considerable difficulty.

C. Conceivably, a combination of Executive Branch reluctance to undertake major construction at this time and congressional controversy over the matter could result in the Agency being denied permission to let its construction contract for an indefinite period.

D. Although it is highly desirable to undertake all of our construction at once, it is possible to leave some units out of the building and it is feasible to add to it or to construct a separate building at the same location to accommodate all of our employees at a later date.

E. If we are going to request additional authority, legislation should be introduced at a very early date. If not, we should advise certain key members of the Congress of the facts and our plan of procedure.

V. CONCLUSION:

That we should not seek additional authorization and funds at this time.

VI. RECOMMENDATIONS:

A. That we continue, and if possible expedite, our present planning for a \$46 million dollar building.

B. That as soon as we can determine how many people the building will accommodate we designate those additional units which will not move to the new building and adjust our internal plans accordingly.

C. That we advise appropriate key members of the Congress of our plan of action with the understanding that if we are unsuccessful in our efforts to reduce our personnel so as to get all or nearly all of them in this building we may request an additional authorization and appropriation at some later date.

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84th Congress
2d Session

HOUSE OF REPRESENTATIVES

REPORT
No. 2864

SUPPLEMENTAL APPROPRIATION BILL, 1957

July 21, 1956.--Ordered to be printed

Mr. CANNON, from the committee of conference, submitted the following

CONFERENCE REPORT

(To accompany H. R. 121138)

E X T R A C T

CHAPTER III

CENTRAL INTELLIGENCE AGENCY

The conference committee approves of \$49,000,000, the amount allowed by the House of Representatives and the Senate for construction of the headquarters for the Central Intelligence Agency. The committee directs that the Agency make every effort to construct a building to accommodate all of its headquarters personnel within the sum provided, and directs that none of these funds be spent in such a way as to make it necessary for the Congress to authorize additional funds at a later date. The committee further directs that none of these funds be obligated or spent until the Director of Central Intelligence has obtained from the appropriate local authorities written commitments for the construction of roads, sewage treatment plants, public transport, and other local facilities which are deemed necessary to serve the site selected.

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

Washington 25, D. C.

6 December 1956

My dear Mr. Dulles:

In connection with his current review of departmental requests for the preparation of the 1958 Budget, the President expressed concern at the large number of increases proposed. He asked me to call your attention to the desirability of avoiding the impact of additional Government spending on the national economy at the present time. With business activity at a new high, with competing demands for labor, equipment, and money the Government should not add to the inflationary pressures. The President suggested that you minimize your plans for new construction and even major repairs during this period of extremely high business activity. Plans should be prepared and held in abeyance until there appears to be some lessening of the intense pressures in this area, and you should proceed now with essential projects only.

Sincerely yours,

/s/ Percival F. Brundage

Director

Honorable Allen W. Dulles
Director
Central Intelligence Agency
Washington 25, D. C.

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21 December 1956

The Honorable Percival F. Brundage
Director
Bureau of the Budget
Washington 25, D. C.

Dear Mr. Brundage:

This is in reply to your letter of 6 December 1956 conveying the President's suggestion that we minimize our plans for new construction, and even major repairs, during the present period of extremely high business activity. It is my understanding that this policy is intended to apply only to construction in the United States.

According to present plans the maximum expenditure for stateside construction by this Agency for the remainder of Fiscal Year 1957 and for Fiscal Year 1958, exclusive of expenditures for the new headquarters building, will amount to approximately \$335,000 and \$1,000,000 respectively. We will certainly give most careful consideration to the possible curtailment or elimination of this construction during this period.

With regard to the new building, we had anticipated incurring construction obligations in Fiscal Year 1958 of approximately \$42,000,000. The actual expenditures, according to estimates by the General Services Administration, would amount to a maximum of \$8,000,000. As you know, this building is of extreme importance to the Agency. We anticipate that after the building is completed and occupied savings of approximately \$3,200,000 will accrue each year to the Government and that our efficiency and security will be improved tremendously. In addition, the longer we delay construction of the building the more it will cost the Government. For example, since March, 1955, when our original estimates were made, the "Engineering News Record" building cost index has increased by 8.9 per cent. Of great importance also is the fact that the planned construction of a bridge (or tunnel)...with its required approaches...across the Potomac River near the end of Constitution Avenue will necessitate the elimination of the major portion of existing CIA

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headquarters space. Thus, even with expedited construction of our new building there will be a race for the finish line.

We appreciate very much your agreement to include estimated obligations of \$42,000,000 for the building in the CIA Budget for Fiscal Year 1958 so that our forward planning will not be interrupted. We feel that it is in the Government's best interest to proceed with the construction of this building without delay, and look forward to discussing the matter with you when the date on which we might expect to let a construction contract is more nearly at hand.

Sincerely,

/s/
Allen W. Dulles
Director

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THE WHITE HOUSE

Washington

December 20, 1956

Dear Mr. Dulles:

Transmitted herewith for your information and action is an extract from Cabinet Record of Action RA - 56-63 from the meeting of Friday, December 14, 1956. This extract is a statement of budget policy set forth by the President at this meeting and is applicable to the entire Executive Branch.

"1. The Budget Outlook

ACTION:

The President set forth the following principles of budget policy which are to guide the Administration for the remainder of FY 1957 and for FY 1958:

- a) New hiring is to take place only after a review has demonstrated that a vacated position cannot be abolished or filled by transfer.
- b) The rate of expenditures for construction for which obligational authority either is now available or may be granted by Congress is to be held to the economic minimum, and requests for new obligational authority for construction are to be made for essential projects only, in order that federal spending will not increase the competing pressures for money, manpower, materials and equipment.
- c) It will be the personal responsibility of each Department and Agency Head to implement these principles within his organization, and to hold his operating subordinates correspondingly responsible."

Sincerely,

/s/ Maxwell M. Rabb

Maxwell M. Rabb
Secretary to the Cabinet

The Honorable Allen Welsh Dulles
Director of Central Intelligence
Washington, D. C.

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EXECUTIVE OFFICE OF THE PRESIDENT
Bureau of the Budget
Washington 25, D. C.

January 23, 1957

My dear Mr. Dulles:

The President has directed me to bring to your attention the following instructions which he wishes the head of each department and agency to follow in order to carry out the fiscal policy which he has established. Please see that the President's wishes are fully understood and followed in your agency.

1. Any proposals by departments or agencies for new legislation involving increase of new obligational authority or expenditures not specifically provided for in the budget or which cannot be covered within budget totals will be rejected and held to be "not in accord with the President's program" unless the President otherwise directs.

2. No supplemental estimates for authorizations or appropriations will be recommended unless the funds can be made available by transfer or by adjustments within the budget totals of the respective department or agency, or unless the President otherwise directs.

3. Each department and agency head will reaffirm and pursue with vigor the program already adopted by the Administration progressively to reduce Government expenditures, with the idea of holding 1957 expenditures for the balance of the fiscal year and 1958 expenditures below the amounts estimated in the budget.

4. Each department will report periodically to the Bureau of the Budget (for consolidation and submission to the President) on the results of this program.

If, under unusual circumstances, special Presidential consideration becomes necessary under paragraphs 1 or 2 above, it is provided for in the usual process of handling legislation or supplemental estimates in accordance with Budget Circular Nos. A-19 and A-41 respectively. Additional instructions as to agency participation in reporting to the President under paragraph 4 will be issued subsequently.

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Budget Circular A-10 outlines certain other responsibilities with respect to the budget. It is requested that you take particular steps to assure that all officers and employees of your agency having responsibility in budgetary matters are thoroughly familiar with this Circular and comply therewith.

Sincerely yours,

Percival Brundage

Director

Honorable Allen W. Dulles
Director, Central Intelligence
Agency
Washington 25, D. C.

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27 June 1958

STATUS OF NEW HEADQUARTERS BUILDING

1. Site Work Completed:

The clearing and grubbing was started October 1957 and completed in March 1958. This work covered the removal of trees and brush from the areas of the site where the building, roads and parking areas are to be built. It also covered the removal of dead trees and underbrush from those areas of the site where there is no construction and the trees are being left undisturbed.

2. Site Work Now Under Way:

Contract was awarded March 4, 1958 for the grading of roads and parking areas, gravel surfacing on some of the roads and parking areas and for installation of drainage structures. By recent agreement with the contractor, this work is scheduled to be completed during September 1958.

3. Schedule for Work on the Building:

a. The first work on the actual building will be covered by a contract for excavation and foundation. The architects have recently submitted plans and specifications for this work. We, with the Public Buildings Service, will complete our review by the end of this month and expect to award a contract during the month of September. Work could then start in September and it is estimated that 6 to 8 months will be required for completion of this contract.

b. The detailed working drawings for the building will be submitted by 1 October, and allowing time for review, advertising and preparation of bids we expect to be able to award a contract by mid-February 1959. It should be noted that the general contract will be awarded and work accomplished concurrently with the excavation and foundation contractor. Time for completion of the general contract is estimated at two years and we should therefore begin to occupy the building early in 1961.

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4. Space in the Presently Planned Headquarters Building:

As presently planned, the headquarters building at Langley has a gross area of 1,637,000 sq. ft. of space and will provide approximately 1,068,650 net sq. ft. of space. This total net includes the cafeteria, auditorium, interior parking, power house, etc., in addition to approximately 948,200 sq. ft. of general purpose space. This general purpose space will provide work positions for approximately [] persons. However, it should be remembered that the personnel totals for those Agency components presently scheduled to go into the new building will number approximately []

5. Additional Building Requirements:

The recently prepared cost estimates for the additional building to house the remaining elements for some [] persons have been coordinated with the architect-engineer and the Public Buildings Service and could be discussed any time you desire. If the additional building were provided at Langley the Agency would then have all personnel housed on the site except approximately []

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6. George Washington Memorial Parkway:

Excellent progress is being made on the extension of the Parkway from Spout Run to our site. This extension is scheduled to be completed by the end of 1959.

7. Improvements to Route 123:

The Virginia Highway Department has recently awarded a contract, and this work is now in progress, for the widening of Route 123 from the intersection of the GWMP to the eastern edge of our property. Recently we have been informed by the Highway Department that they will "withdraw gracefully" from the suit to obtain the right-of-way in front of the Scattergood & Thorne property. The Highway Department has completed preliminary plans for a four-lane bypass from our site entrance to McLean where it will join with the present Route 123. You may recall that the bypass route would be in back of Messrs. Kennedy and Neal's property on 123 near the Langley fork. The engineering should be accomplished within 60 days and the contract undoubtedly can be awarded by the end of this year.

8. Power, Water and Sewer Facilities:

a. Power: The final Virginia Electric Power Company requirements are being incorporated in the architect-engineer plans.

b. Water: The City of Falls Church will provide an interim service line by 1 September to the site. The final lines will be coordinated with the Route 123 improvements and will be available well in advance of our contract completion date.

c. Sewerage: The consulting engineer for Fairfax County is presently planning the sewage lift station which will lift the sewage from the site to the County sewer system. Fairfax County has recently agreed to construct sewers connecting to the Washington sewer system when appropriate legislation is enacted. This legislation is pending in Congress and the arrangement should in no way delay fulfillment of Fairfax County's commitment to have sewerage facilities available when our building construction is completed.

~~SECRET~~9. Funds:

a. Clearing and Grubbing (actual cost)	32,283.70
b. Grading and Drainage (contract price)	458,500.00
c. Excavation & Foundation (estimated)	2,500,000.00
d. Building Construction (estimated)	40,500,000.00
e. Allowance for changes in contracts	<u>9,216.30</u>
Sub Total	\$43,500,000.00
f. Architects fee & Supervision by PBS	<u>2,500,000.00</u>
Sub Total	46,000,000.00
g. George Washington Memorial Pkwy.	<u>8,500,000.00</u>
Total Appropriated	\$54,500,000.00

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